

## How to Measure Intellectual Capital? (Case Study in Peri Kecil Batik Madura)

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### ABSTRACT

Intellectual capital is the result of the learning process that we do and it is invisible or intangible. Although invisible, intellectual capital is the most valuable wealth of an individual. An increasingly dynamic and competitive business environment requires reliable intellectual capital ownership. This study aims to measure intellectual capital that consists of: (1) Human Capital, (2) Structural Capital or Organizational Capital, (3) Relational Capital or Customer Capital. By using qualitative methods, intellectual capital is measured in one of batik businesses in Bangkalan (named Batik Peri Kecil) which famous in making their own batik, collecting batik from craftsmen all around Madura then selling it. .

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## 1. INTRODUCTION

Science is an inexhaustible resource to be unearthed and utilized for the well-being of mankind. Learning is one of the activities that can be done to gain knowledge. In addition, experience in various things can also help and improve the ability of the learning process. Intellectual capital is the result of the learning process that we do and it is invisible or intangible. Although invisible, intellectual capital is the most valuable wealth of an individual. An increasingly dynamic and competitive business environment requires reliable intellectual capital ownership.

In Accounting, there is a debate about the concept of Intellectual Capital which is possible because of the unclear difference between the concepts of *Intellectual Capital* and *Intangible Asset* (intangible assets). There are several opinions about these two things conveyed by several researchers: Widyaningdyah (2014) said that *Intellectual Capital* is a metaphor for *Intangible Assets*. Bukh (2003) said that *Intellectual Capital* and *Intangible Assets* are two things that are the same and can replace each other. there is also an opinion from Boekestein (2006) who states that *Intellectual Capital* is part of intangible assets. Then by Mulyani (2016) revealed that *Intangible assets* in this case are knowledge whose one of the measuring tools is intellectual capital or *Intellectual Capital*. The meaning of Intellectual Capital (IC) has been developed with various meanings such as Brooking (1996) which interprets *Intellectual Capital* as a combination of intangible assets owned by organizations or companies to improve company functions, namely in this case the value of high assets. Bontis (2001) defines *Intellectual Capital* as an estimate of the value of knowledge that aims to obtain real value, and the true value intended is knowledge resources both in the form of human

resources, processes, and technology used in the value creation of a company. Williams (2001 in Ulum, 2009) also defines *Intellectual Capital* as the enhanced value of a company attributed to assets, generally intangible, resulting from the organizational functions of the company, information technology processes and networks, the competence and efficiency of its employees and its relationship with its customers. *Intellectual Capital* assets are developed from a. creation of new knowledge and innovation, b. application of current knowledge to current problems to improve employees and customers, c. packaging, processing and Knowledge transmission, as well as d. the acquisition of current knowledge created through research and learning.

Using *Intellectual Capital* efficiently, finding innovative solutions to reduce the consumption of company resources are two directions that can be taken to implement *intensive management of Intellectual Capital* companies through changes in organizational structure, culture and processes (Wang & Chang, 2005 in Gogan, 2016).

From the various definitions of *Intellectual Capital* that have been explained above, it can be concluded that *Intellectual Capital* is an asset that leads to human knowledge both *tacit* (ideas in human thinking) and *explicit* (which are contained / the result of human ideas and become company assets). Thus, *Intellectual Capital* is part of *Intangible Assets* because *Intellectual Capital* is a knowledge asset owned by humans which can be concluded to be non-monetary assets and has no physical form. *Intellectual Capital* identification found several opinions about the components or categories of *Intellectual Capital*, one of which is Sawarjuwono (in Mahardika, 2014) which states that *Intellectual Capital* consists of three main elements, namely: (1) Human Capital, (2) Structural Capital or *Organizational Capital*, (3) *Relational Capital* or *Customer Capital*. The components of *Intellectual Capital* according to Andriessen (2005 in Ulum 2009) stated that *Intellectual Capital* consists of three components, namely Human Capital, Structural Capital, and *Customer Capital* with each criterion.

Today's business problem is facing competitors that continue to emerge, the emergence of competitors makes companies have to increase their competitiveness in order to continue to survive. The competition in the batik market is getting tighter, although batik in each region has its own comparative and competitive advantages. No less important in the *home industry* of batik craftsmen is to be able to understand the existence of *Intellectual Capital* in the company. In batik craftsmen, *Intellectual Capital* is important in their operational activities, because batik craftsmen have enormous *Intellectual Capital* potential which can be seen from the knowledge, creativity, skills, ideas and innovations contained in batik craftsmen. Some researchers also argue that knowledge helps companies increase sales of their products and services, create new innovations and can carry out company operational activities optimally and efficiently (WTC of London, 1998). However, many batik artisans do not understand, manage, or measure their knowledge and value creation processes (Roos and Roos, 1997; Petty and Guthrie, 2000). In this case, it clearly requires *Intellectual Capital* in its management. The company also does not know the existence of *its Intellectual Capital* even though it unconsciously already has it and has used it. Therefore, it is necessary to identify the key components of *Intellectual Capital* consisting of Human Capital, *Relational Capital*, and *Structural Capital*. By knowing this, the company will be able to more easily manage and optimize the *Intellectual Capital* component of the company which in turn can increase the competitiveness and performance of the company. Therefore, it is very important to conduct research on assessing the *Intellectual Capital* that exists in Madura batik craftsmen.

In assessing *Intellectual Capital* in Madurese batik craftsmen in this study using the key components of *Intellectual Capital* which consists of three components, namely *Human Capital*, *Structural Capital* and *Relational Capital* which are key components in the assessment and measurement of *Intellectual Capital*.

Research was carried out on the home industry "Batik Peri Kecil Madura" because this is located in Bangkalan District is one of the drivers in the field of batik *home industry* in Madura which has started its business since 2002. Batik Peri Kecil is a *home industry* that makes and markets its own products which are supported by a sales system in the form of offline can go directly to the store or purchase directly at the batik exhibition at the Batik Peri Kecil booth or online through the website and social networks owned by Batik Peri Kecil. Apart from being a *home industry* that makes and markets its own products, there are also batik learning service activities for people who want to know

and learn typical batik making Madura. Batik Peri Kecil is a pioneer of batik business which also provides batik learning training services that make it easier for people who want to know and learn the making of Madura Batik so that with this Batik Peri Kecil Madura has participated in developing regional culture. With the huge potential of intangible assets owned by batik craftsmen in Madura Small Peri Batik, researchers want to test and assess how the application of Intellectual Capital in Batik Peri Kecil craftsmen and how much Batik Peri Kecil can use and utilize the potential of *Intellectual Capital* which is owned to be able to optimize the operational activities of Batik Peri Kecil. In addition, this study is also intended to find out how is the *nature of Intellectual Capital* in batik craftsmen in Batik Peri Kecil By conducting interviews related to Intellectual Capital in its operational activities so that it can assess how the application of Intellectual Capital and the size of Intellectual Capital are managed and utilized as well as how the nature of *Intellectual Capital* in batik craftsmen in Batik Peri Kecil Madura. How to assess *Intellectual Capital* on Madurese batik craftsmen?

Intellectual Capital assessment is very important because the assessment will be able to find out how the potential of *Intellectual Capital* in the company. By knowing the potential of *Intellectual Capital*, the company can easily organize and map every potential included in the company's intangible assets. In assessing Intellectual Capital, a number of studies have been conducted to investigate the methods of valuation and measurement of Intellectual Capital which resulted in methods that are considered as methods for assessing and measuring *Intellectual Capital*.

*Intellectual Capital* valuation and measurement methods can be grouped into two categories (Tan *et al.*, 2007), namely methods that do not use monetary measurements and methods that use monetary measures. Valuation methods that use monetary measures include not only methods that try to estimate the value of money from *intellectual capital*, but also derivative measures of the value of money using financial ratios. In the assessment method that does not use monetary measurements, the method used to assess the company's Intellectual Capital is carried out directly, it can be by observing and observing every activity that has the potential of *Intellectual Capital* used and empowered in the company.

## 2. RESEARCH METHOD

This type of research is qualitative (Cresswell *et al.* 2007). According to Moelong (2016), explaining that research in qualitative type that researchers will play an active role when collecting data and researchers will not be outside the object of research, but will be part of the object. Basically, qualitative type research is research that is able to make researchers position themselves to make a picture of the object of research, analyze words, capture the gestures and facial expressions of informants and conduct studies on real situations in accordance with what happens to the object of research. This research is also intended to gain insight into something new, little known, and can provide complex details about phenomena that are difficult for quantitative methods to uncover (Strauss and Corbin, 2003). This research reveals the assessment of Intellectual Capital by identifying the components of Intellectual Capital in batik craftsmen.

This study describes the assessment of Intellectual Capital in Madurese batik craftsmen, namely in Batik Peri Kecil Madura where researchers want to know how the assessment of Intellectual Capital in Madura batik craftsmen. Therefore, the descriptive qualitative approach is considered very suitable as an analytical method in this study because this research is related to the analysis of management and utilization and the data obtained in the form of words, images and not numbers so that researchers get accurate, factual, and systematic results.

### 2.1 Research Location

The location of this research is in Batik Peri Kecil Madura which is located in Burneh, Bangkalan- Madura.

### 2.2 Research Focus

The focus of this research is to identify the key components of *Intellectual Capital*, namely *Human Capital*, *Structural Capital* and *Relational Capital* owned by batik craftsmen in carrying out their operational activities. By identifying the components of Intellectual Capital which is intended to be able to find out the amount of *Intellectual Capital* that is known and used and developed benefits by Peri Kecil Madura batik craftsmen. In addition, knowing the size of Intellectual Capital is also to

be able to know the Nature of *Intellectual Capital* that exists and is applied to the Batik craftsmen of Peri Kecil Madura which is useful in carrying out business operational activities so as to improve overall business performance.

### 2.3 Data Collection Techniques

Sugiyono (2010: 317) said that interviews are used as a data collection technique if researchers want to conduct preliminary studies. To find problems that must be researched, but also if researchers want to know more in-depth respondents." There are several types of interviews, namely: *Structured interview*, *Semistructured interview*, Unstructured Interviews. Sugiyono (2010: 329), Documentation is a record according to past events". a document is written material related to a particular event or activity. Documents used in this study are information stored or documented such as documents, *soft file* data, authentic data, photos and other archives related to the activities of Madurese batik craftsmen in their operational activities. In addition, Literature studies are data collection techniques carried out by studying reference books, theses, journals and other media related to the problem under study. Data Sources are Primary data and Secondary data.

### 2.4 Research Informants

In this study, researchers took several informants in Batik Peri Kecil Madura consisting of business owners, and employees of Madura batik craftsmen.

## 3. RESULTS AND DISCUSSIONS

Madura Island, which has 4 regencies, in terms of written batik has its own distinctive motifs, the most motifs are owned by Bangkalan Regency and Pamekasan Regency while the few have regional motifs, namely Sampang Regency and Sumenep Regency. In recognizing and distinguishing the characteristics and characters of written batik in each region, there are three distinguishing characters in each center that need to be understood. The first batik has distinctive character characteristics in color, stroke character and fill character. This is also what distinguishes Madura batik from Javanese batik, so not only from the motif but how to scratch the canting, the shape of the line arch, how to turn the direction of the cantingan is the character of each batik, but simply different from each region it can be seen from the motif. In Batik Peri Kecil, the first feature is batik with natural dyes and the second is batik with pastel colors, for example with Sekar Jagat batik motifs. Batik Peri Kecil by Mrs. Yayuk continues to innovate on her written batik and always follows the development and market interest such as updates made by Mrs. Yayuk on one of the dominant Madurese batik motifs using classic colors and then changed by her using contemporary soft colors. In addition, Peri Kecil Batik also has a collection of old classic motifs that are still in accordance with the standards and have not been made.

The information obtained from this study is the result of interviews with informants. Researchers ask informants questions to get answers from informants. Questions in interviews asked to informants are interview guidelines that researchers have compiled in advance. The results of the interview can be used as information data which the author then presents in the form of excerpts from the interview. Excerpts from this interview explain various informants' answers about how intellectual capital exists in Batik Peri Kecil Madura.

### 3.1 Intellectual Capital

Intellectual Capital as described above is a combination of intangible assets owned by a company. Many companies, especially in the form of home industry and small and medium enterprises, still focus on tangible assets owned by the company such as company cash, company capital, vehicles, land, buildings and so on. A company cannot be separated from the existence of tangible assets and intangible assets it has, but there are still many small companies that only focus on earning profits which are tangible assets often cause less than optimal operational performance of the company which ultimately leads to less than optimal company profits. Intangible assets often receive less attention because they are different from tangible assets, if the company can balance attention to intangible assets and tangible assets owned by the company then the company's goals will be more achievable, because intangible assets are a type of asset that can carry out the company's operational activities for the company to be able to obtain tangible assets. : understanding intellectual capital, the more appropriate answer is that the owner of Peri Kecil batik and batik

craftsman1 who is also the owner of Peri Kecil batik then for craftsmen2 and craftsmen3 still do not fully understand intellectual capital. In this case, the understanding of intellectual capital conveyed by Peri Kecil batik craftsmen and owners as parties who carry out business operations and parties responsible for the production of written batik at Peri Kecil is in accordance with the opinion of Serenko & Bontis (2013) which states that the term Intellectual capital emphasizes a combination of intellect and capital to show the importance of knowledge (Serenko and Bontis, 2013).

<p>Question: <b>How important is <i>Intellectual Capital</i> to Batik Peri Kecil?</b></p>
<p>Answer:  <b>PB1</b> "<i>Intellectual capital is very important in running our batik production process, because the field we pursue is very close to the intangible assets of Peri Kecil.</i>"  <b>PB2</b> "<i>Intellectual capital is important for the batik tulis business so that as craftsmen can always innovate in making new motifs and creations.</i>"  <b>PB3</b> "<i>Because batik is the creation of batik artisans, intellectual capital has a role in it.</i>"  <b>PU</b> "<i>Intellectual capital is very influential on business continuity, because in business there are not only tangible assets but also intangible assets that are no less important.</i>"</p>
<p>Conclusion:  <i>Intellectual capital is important for the course of Peri Kecil operational activities, the importance of managing Intellectual Capital is also stated by Starovic and Marr (2003) who argue that by not understanding the potential of Intellectual Capital owned by the company can cause adverse consequences in the company. If individual companies do not understand how value is generated, it can lead to inefficient resource allocation (Ulum, 2017).</i></p>

### 3.2 Big Intellectual Capital on Small Fairy Batik Craftsmen

Intellectual Capital is classified into 3 types, namely Human Capital, Structural Capital and Relational Capital which are studied on Batik Peri Kecil Madura.

#### a. Human Capital

*Human Capital* in Little Elves is divided into four categories based on Dave Ulrich's (1997) opinion that the role of *Human Capital* consists of four dimensions namely Strategic Partners, Administrative Experts, Infrastructure and Change Agents. From the strategic partner dimension, there are four indicators, namely organizational architecture, organizational audit, method identification & organizational architecture renovation, initiative in prioritizing. The Administrative Expert Dimension consists of four indicators, namely staffing, rewarding, training, and assessment. The infrastructure dimension consists of five indicators of operational processes, commitment, contribution, loyalty, and human resource capabilities. Finally, the change agent dimension consists of four indicators: capturing change, capitalizing on change, change initiatives and future human resource strategies.

*Human Capital* owned by batik craftsmen and business owners where this research was conducted is in Peri Kecil Madura batik. Human Capital is one of the important components in a company, where *Human Capital* describes human resources in charge of running and managing business operational activities. *Human Capital* is considered important and is the main determinant in business activities.

*Human Capital* in Batik Peri Kecil is divided into:

##### 1) Craftsmen as Strategic Partners

The role of Peri Kecil batik craftsmen as strategic partners can be seen from the Peri Kecil batik craftsmen who are seen as partners who work together with the owner in developing capabilities and efforts to advance which greatly determines the running of batik production activities, writes the little Peri. The strategic partner here is that Peri Kecil employees as batik craftsmen are recognized as partners who take part in determining whether or not the production process and business processes run at Peri Kecil.

From the results of the interview, it can be seen that batik craftsmen also act as business partners of Little Fairy, judging from craftsmen who can not only do the tasks given but also can

provide advice on the production process of written batik so that the production produced always follows market developments. This is reinforced by the owner's statement that Peri Kecil batik craftsmen are partners in running a written batik production business.

#### 2) Craftsman as Administrative Expert

In craftsmen as administrative experts here it is interpreted that in business management, batik craftsmen can also play a role in administrative activities that use forms or records. This process needs to be done effectively and efficiently, not only that but the services provided must also be in accordance with business needs.

From the results of interviews by business owners, it is known that Peri Kecil batik craftsmen have not been able to carry out their duties as Peri Kecil batik business administration experts who manage records, but for shop services, craftsmen can also manage. This is confirmed by the statement of batik craftsmen who say that in shop service activities, craftsmen also serve because craftsmen can tell and explain about the products sold.

#### 3) Craftsmen as Infrastructure

In Craftsmen as Infrastructure, it is seen how batik craftsmen are able to develop strategies and utilize their human resources or *talents*. Together with business owners, we can implement activities that can increase employee commitment and contribution and how to work well for batik craftsmen for business success.

From the results of the interview, it is known that in the assessment of the written batik production process and the performance assessment of batik craftsmen, it is still unknown whether it is *effective and efficient* because there are no certain indicators to measure. In assessing how committed and performance craftsmen are, it is enough to see from the way they are serious in working and the results of their workmanship. Craftsmen still have not applied the technology entirely in the manufacturing process because it maintains the characteristics of their written batik, this is reinforced by the opinion of the owner of Peri Kecil who said that to maintain the traditional value and natural materials that exist in Peri Kecil batik, traditional tools are still used. In the recruitment of batik craftsmen, Peri Kecil does not look at the level of education because making batik requires talent and sincerity not just formal education, this is also conveyed by batik craftsmen who confirm the owner does not see the level of education of craftsmen who are important to learn and honest which is also conveyed by batik craftsmen and owners of Peri Kecil.

#### 4) Craftsmen as Agents of Change

Craftsmen as agents of change here are defined as craftsmen who bring good changes to the production of written batik. Based on the results of the interview, it was concluded that what was conveyed by the informant was not much different from what was conveyed by Sawarjuwono (2003) who stated that human capital is the *lifeblood* in *intellectual capital* because humans are the center of all knowledge, sources of information and change. This is reinforced by the opinion of Widyaningdyah (2015) which states that humans are elements of creating knowledge that is channeled and become an element of building and driving structural *capital* in adequate companies so that it can trigger ideas and employee creativity. Bontis *et al* (2002) also explained *that human capital* is a representation of individual knowledge in a company which in this case is employees.

The intellectual center of Batik Peri Kecil Madura lies in humans so that human resource management becomes one of the practices of *Intellectual Capital*. Human Resources is one of the intellectual capital owned by a company whose existence is the key capital to the success or failure of a business. We know that in running a business, it definitely takes the ability of managers who have functions as elements of creative idea creators in the company, as elements driving other resources in the company and also as elements controlling activities in the company.

### 3.3 Structural Capital

*Structural Capital* can also be interpreted as organizational capital (*Organizational Capital*) in this classification obtained the results of interviews by informants as follows:

**PB1** "Regarding organizational capital for batik craftsmen, Peri Kecil also pays attention to the needs of craftsmen by providing learning facilities to upgrade the knowledge of craftsmen and facilitate the needs of batik craftsmen regarding the process of making batik with tools and materials prepared adequately. The division of labor is divided according to each stage in the production

process and adjusted to the expertise of everyone involved in the production process guided by instructions from me."

**PB2** "The owner of Peri Kecil is very concerned about the needs of the employees, starting from the beginning of my work who could not make batik, it was taught by Mrs. Yayuk, often included in training, seminars as well. Then Mrs. Yayuk also gave batik making facilities to take home to study, such as bringing cloth for experiments, canting of various sizes, dyes and others, so I could also study again at home so that I could use canting of various sizes stably. When working also tools and materials must be prepared sufficiently. Mrs. Yayuk and Mr. Mul also accustomed us to always be friendly to customers, there is also a culture of being punctual if you enter at that time, you must be at this time, the important thing is also to be honest and willing to learn."

**PB3** "During my time as a Batik Peri Kecil craftsman, all the needs I needed in making batik were always fulfilled, especially I was in charge of the coloring department. Mrs. Yayuk provides batik dye facilities that I can use as experiments to find out new colors and new color combinations in batik fabrics. In addition to learning from Mrs. Yayuk herself and participating in seminars as well as craftsmen, I was also given internet and computer facilities to explore knowledge about batik colors."

**PU** "As a business owner, for the needs needed by batik craftsmen to support batik production activities, I always try to be fulfilled because this is a basic thing that must always be there and enough so that the production process does not become hampered. Also other supporting facilities such as computers and internet that can also be used by our batik craftsmen to learn and add insight into written batik. In addition, I make it a habit for Little Peri batik craftsmen to be able to come on time, want to continue learning and uphold honesty because from these three things alone if they can be implemented well, other good attitudes will follow the goal so that the working atmosphere becomes conducive and fun."

From the results of the interview, it can be concluded that the *structural capital* owned by Peri Kecil batik has not been managed optimally because the supporting procedures for business operational activities have not been implemented. *Structural Capital* in Little Fairy is the *work instruction* from the owner, the principles applied and the fulfillment of batik learning facilities. Based on the experience of batik craftsmen in carrying out batik production activities, Madura has applied positive values that become principles and culture in Little Fairy, which include honesty, commitment, being able to work together, a conducive and solid work environment, and having accustomed good ethics.

### 3.4 Relational Capital

*Relational capital* is a harmonious relationship / association network owned by Peri Kecil batik with customers and other external parties with the following interview results.

**PB1** "Batik craftsmen have a large role and contribution because craftsmen determine the quality of goods. Inbuilding a brand, craftsmen also contribute to the delivery of product knowledge to customers, not only offering products but also being able to tell the batik sold and convey the quality of goods as they are, good delivered, bad what is delivered, not exaggerated or reduced so that it can build trust also in customers."

**PB2** "I am a batik craftsman in Peri Kecil who is also in charge of the shop to build relationships with buyers, the main thing is to maintain the quality of batik made, maintain service so that buyers come again to buy, once the goods have been to customers we always ask what is lacking from our service, what is lacking from the goods, we always asked. The important thing is also to communicate, if before the pandemic customers came to the store to buy, I also told about the batik motifs that were sold but if now it is still during the pandemic we also still convey and tell the motives to buyers who buy online via WA. The customer's record is there, sometimes we are given his number so we will be contacted later"

**PB3** "In Peri Kecil, craftsmen can also serve buyers, in fact, this is a plus because by serving buyers directly, we can also tell about batik to buyers."

**PU** "To build a brand for Peri Kecil to be different from other Madurese batik, we write from a simple way, namely by always giving Product Knowledge. Because what we sell is not only the cloth that is drawn, but there are also their own values and stories contained in each batik motif that is made, so that is what distinguishes Peri Kecil from other batik shops that can eventually form its own

*brand for Peri Kecil. In addition, it also provides good service to buyers, because in addition to good goods, of course, the service aspect is very influential as well."*

From interviews with informants, it was found that in building *relational capital* with customers, Peri Kecil applies *product knowledge* where in addition to selling written batik, craftsmen also know and tell the history and meaning of written batik sold, because written batik is not only a motif on cloth but also an art. The informant's explanation is in line with the explanation by Sawarjuwono *et al* (2003) who said that good relations between companies and external parties whether it is customers, communities, creditors or government or colleagues and relations *are relational capital*. Sawarjuwono *et al* (2003) also added that *relational capital* is a component of *Intellectual Capital* that gives real value to the company. In the context of this study, if the relationship with external parties built by Little Fairy runs harmoniously, it will have an impact on increased business profits.

### 3.5 Nature of Intellectual Capital from Batik's Craftsmen

*Nature of Intellectual Capital* that exists in intellectual capital is a trait that is owned and forms intellectual capital in the company. *Intellectual capital* has its own nature which is the basis for forming intellectual capital. The importance of knowing the nature of intellectual capital because it is the basis for knowing and studying *intellectual capital* owned by the company.

By knowing the *nature of Intellectual Capital* in batik craftsmen, craftsmen will be better able to know the existence of intangible assets owned by batik craftsmen and recognize the potential that exists so that by knowing the potential possessed by batik craftsmen can develop, manage and be able to make good use of their *intellectual capital*.

From the results of interviews with Peri Kecil batik craftsmen and Peri Kecil batik business owners, it can be seen that the *Intellectual Capital* that exists in Peri Kecil batik craftsmen has an invisible nature that eventually becomes difficult to assess and also abstract because batik is also a work of art and is an intangible culture that cannot be measured. This is in accordance with the opinion of Tai & Chen (2009) which states that:

*"In a knowledge era, intellectual capital has become a determinant resource for enterprise to retain and improve competitive advantage. Because the nature of intellectual capital is abstract, intangible, and difficult to measure, it becomes a challenge for business managers to evaluate intellectual capital performance effectively."*

## 4. CONCLUSION

"How to assess the Intellectual Capital in Madura batik craftsmen?" the following are the results of the research analysis obtained on Madura Small Peri Batik related to the Intellectual Capital contained therein, there are findings including, Human Capital. In the aspect of craftsmen as strategic partners, batik craftsmen have been able to act as partners in carrying out business activities. Can give and receive input and can maintain a good working relationship. However, the licensee does not know and design the direction of the business outlook in the long term and has not been able to master online sales in full, and has not been able to carry out tasks effectively and efficiently.

In the aspect of craftsmen as administrative experts, batik craftsmen are able and also manage shops because it is the craftsmen who are able to tell about the written batik sold, but have not been able to carry out their duties as administrative experts who manage records.

In the aspect of craftsmen as infrastructure, batik permitters are still unable to implement strategies in carrying out production processes and business activities and there are no indicators of assessing the productivity of craftsmen.

In the aspect of craftsmen as agents of change, craftsmen have been able to make changes in the production of written batik with innovation and always learn and understand what the market is interested in.

The Structural Capital, owned by Peri Kecil as a support for batik craftsman activities has not been managed optimally because the procedures for supporting business operational activities have not been implemented.

In Relational Capital, to build relationships with customers, craftsmen apply product knowledge where in addition to selling written batik, craftsmen also know and tell the history and meaning of written batik sold.



Then the interview data is processed to determine the exact amount of value and as an affirmation of the results of existing qualitative data with the following results. Intellectual Capital in Peri Kecil batik craftsmen is dominated by Human Capital with a large index of 50.6%, then Relational Capital with a large index of 25.5%, and after that, Structural Capital with a large index of 23.6%. So it can be known that Human Capital in Peri Kecil can be said to be lifeblood in the operational activities of Peri Kecil batik craftsmen because the results show the magnitude of the numbers produced and the lowest Structural Capital which in the field results have not been processed and utilized optimally, and for Relational Capital ranks second largest in Peri Kecil because Peri Kecil applies service that is not half-hearted, provides friendly and detailed service and the existence of after-sales service that distinguishes from competitors. With the conclusion as above, the results of this study have answered the following problem formulation "How to assess the Intellectual Capital in Madura batik craftsmen?" because it is strengthened by the results of quantification of values to determine the value of each key component of IC in Peri Kecil.

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